

INFORMATION REPORT

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SUBJECT Recent Developments in the
Soviet Oil Administration (SIV)

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SUPPLEMENT TO
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1. Sidorenko, General Director of the SMV, returned to Vienna from Moscow sometime during the latter part of August 1950. It is reported that Sidorenko went to Moscow to submit the SMV budget for the second six months of 1950 and to request additional funds to clear several outstanding debts and to cover current purchases of seamless pipe and other equipment from Eastern Germany.
2. Shortly after his return, Sidorenko called most of the Soviet officials and a few Austrian employees of the SMV to a number of meetings at SMV Headquarters. During these conferences Sidorenko advised his staff that Moscow had stopped allocating funds to the SMV and USSR and consequently that Moscow expects these Soviet enterprises to assume responsibility for eliminating their 400,000,000 schillings deficit. a) Sidorenko further stated that Moscow had demanded that he institute the following economy measures:
 - a. Suspension of all purchasing of non-essential materials and equipment until March 1951. Essential purchases are to be made solely from USSR or USSR controlled firms.
 - b. General reduction of SMV office personnel and a 20-percent layoff of oilfield staff.
 - c. Sale of all non-essential equipment, i.e. tools, machinery, pipe, and sheet to the highest bidder (3).
 - d. Collection of all available scrap metals by a USIA firm which is to sell this scrap for hard currency. (4)
3. Because SMV enterprises are not permitted to accept delivery of equipment until payment has been effected, a number of railroad cars loaded with 6 5/8-inch drill pipe, which was ordered some time ago from East German firms, are piling up at the Vienna railroad yards. (5)
4. Meanwhile the Soviets have ordered SMV oilfield officials to prepare a report on the status of Zisterdorf and Walsum oil wells, listing them according to the following categories: (6)

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GENERAL INTELLIGENCE AGENCY

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- a. Inactive wells; amount of piping installed in each well. (7)
- b. Wells where operating costs exceed the value of crude oil produced, i.e. those yielding less than one ton per 24 hours. (8)
- c. Wells producing more than one ton per 24 hours.

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- (1) ~~SECRET~~ Comment: To the best of our knowledge, Sidorenko is a new figure in the SMV. It is possible that he is the successor to P.I. Chernomorsky, who was mentioned in ~~SECRET~~ as SMV General Director.
- 25X1A (2) ~~SECRET~~ Comment: This figure represents a paper deficit which has accumulated as a result of Soviet accounting, which does not take into account SMV profit from petroleum exports to Eastern Germany and the satellite states. The SMV never receives total reimbursement for petroleum products shipped to Eastern Germany; sometimes no payment at all is received for these shipments. Normally the SMV receives compensation goods worth about three-fifths the value of petroleum products which it delivers to Hungary and Czechoslovakia. The balance i.e. the remaining two-fifths of this debt is paid in compensation goods shipped directly from the Satellites to the Soviet Union and Eastern Germany. Although Moscow maintains that the SMV is operating at a loss, it has of necessity authorized the Soviet Military Bank to extend minimal credits merely to keep the SMV in business.
- 25X1A (3) ~~SECRET~~ Comment: The Soviets may have difficulty finding purchasers for this equipment, since most of it was specifically designed for the oil industry and is not readily adaptable to other industrial uses.
- 25X1A (4) ~~SECRET~~ Comment. The USIA firm in charge of collecting this scrap is probably Eisen- und Stahl A.G.
- 25X1A (5) ~~SECRET~~ Comment: The Austrian Federal Railways are anxious to have these railroad cars released and are putting pressure on the Soviets to unload this pipe as soon as possible. In view of Sidorenko's present economy program, however, it seems likely that the SMV will return this pipe to the manufacturer.
- 25X1A (6) ~~SECRET~~ Comment: It is believed that the R.A.G. and Van Sickle Oil Company fields are not affected by this order.
- 25X1A (7) ~~SECRET~~ Comment: Following are estimated number of inactive wells: RTAG, 49; DEA I and II, 100; E.P.G., 25. There are no inactive wells at Matzen or Muehlberg.
- 25X1A (8) ~~SECRET~~ Comment: It is rumored that RTAG, DEA I and II, and Maustrenk have several wells which yield less than one ton of oil per 24 hours.

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